



# House of Representatives

General Assembly

**File No. 468**

February Session, 2014

House Bill No. 5464

*House of Representatives, April 9, 2014*

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT CONCERNING PAYMENTS DISTRIBUTED BY THE MUNICIPAL REVENUE SHARING ACCOUNT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (*Effective from passage*) Prior to closing the accounts for the
- 2 fiscal year ending June 30, 2014, if the Comptroller determines there
- 3 exists an unappropriated surplus in the General Fund, the Secretary of
- 4 the Office of Policy and Management shall distribute twelve million
- 5 seven hundred thousand dollars of any such surplus to municipalities
- 6 as provided in section 4-66l of the general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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**FIN** Joint Favorable

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Resources of the General Fund	GF - Depletion of Surplus	12.7 Million	None

#### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Various Municipalities (Aggregate, Statewide Impact)	Revenue Gain	12.7 Million	None

### ***Explanation***

The bill claims a portion of the projected FY 14 surplus, which is approximately \$500 million, to reimburse towns for the revenue they lost inadvertently when the Municipal Revenue Sharing Account was terminated effective June 30, 2013. This termination date precluded the deposit of revenue received after the close of the fiscal year but counted toward FY 13 because the revenue was earned in that period. The Account received funds from the conveyance tax and certain sales taxes.

The bill is unclear as to which portion of the Municipal Revenue Sharing Account formula to use to distribute these funds to municipalities. Payments from the Municipal Revenue Sharing Account were distributed accordingly: 1) For each fiscal year, the first \$50 million deposited into the account, approximately, was distributed according to each municipality's FY 11 Manufacturing Machinery & Equipment grant; 2) Any remaining funds deposited during the fiscal year were to be distributed according to a property tax relief formula.

***The Out Years***

There is no impact in the out years as this is a one-time adjustment.

**OLR Bill Analysis****HB 5464*****AN ACT CONCERNING PAYMENTS DISTRIBUTED BY THE MUNICIPAL REVENUE SHARING ACCOUNT.*****SUMMARY:**

If the comptroller determines there is an unappropriated surplus in the General Fund before the FY 14 accounts are closed, this bill requires the Office of Policy and Management (OPM) secretary to distribute \$12.7 million of the surplus as provided under the manufacturing transition grant program (see BACKGROUND).

By law, the grant amount each municipality receives under the program is listed in statute (\$49.9 million total) and is reduced proportionately if the amount available is less than the amount required to fully fund all grants.

These grants were previously funded through the Municipal Revenue Sharing Account by a portion of sales, luxury, and state real estate conveyance tax revenue.

EFFECTIVE DATE: Upon passage

**BACKGROUND*****Manufacturing Transition Grants***

The legislature established manufacturing transition grants for municipalities in 2011 to mitigate the loss of the state payments in lieu of taxes (PILOTs) for eligible commercial vehicles and manufacturing machinery and equipment property tax exemptions. PA 11-61 eliminated these PILOTs for assessment years starting on or after October 1, 2011.

**COMMITTEE ACTION**

## Finance, Revenue and Bonding Committee

Joint Favorable

Yea     50     Nay     0     (03/25/2014)